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SUBJECT: POSSIBLE CHINA IPR CASE: DEMARCHE TO FRANCE

¶1. (U) Economic Minister-Counselor met August 22 with Philippe Pegorier, technical advisor in the cabinet of Trade Minister Lagarde, and Bertrand Walckenaer, Finance Ministry desk officer for China, to deliver reftel demarche.

¶2. (SBU) The GOF is very focused on intellectual property (IP) enforcement in China and, in fact, has assigned an IP attache to their embassy in Beijing (from the French National Institute for Intellectual Property, INPI). Pegorier stressed that the issue of IP protection is raised at every bilateral economic gathering with the PRC, including at the Ministerial level. French company losses due to counterfeiting, piracy and other IP infringement in China amount to over a billion dollars per year. (Italy, however, according to Pegorier, is the number one French IP infringer.)

¶3. (SBU) Despite the extent of the IP problem in China, the GOF sees some progress being made by the PRC authorities to improve the legal and regulatory framework for IP protection, and to increase public awareness of its importance. Lackluster enforcement at the local level and weak institutional capacity remain major challenges. The GOF has taken a number of initiatives in recent years: operating a technical assistance program with the Chinese trademark office and the State Intellectual Property Office SIPO, training Chinese IP officials in France, organizing training and seminars for judges and custom officials, etc. A major Franco-Chinese anti-counterfeiting symposium is being organized by INPI and SIPO in 2007.

¶4. (SBU) In responding to our call for GOF and EU support for a possible joint WTO case, Pegorier said that, in the choice between carrot and stick, the GOF believes that more will be achieved in the long run by working with PRC authorities on collaborative programs to build institutional capacity, improve enforcement resources, and expand public awareness. Both Pegorier and Walckenaer claimed that there have been few specific complaints from French firms about the issue of value/volume thresholds for criminal prosecution, although both admit that this is a problem area.

¶5. (SBU) COMMENT. Pegorier stopped short of saying that France would not support EU co-filing of a WTO case, although it seems clear that such a move will not get a favorable push from Paris. He promised to brief Trade Minister Lagarde, who returns to Paris on August 24.

ROSENBLATT